



## 2016 REPORT TO SHAREHOLDERS

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June 2016

### **DEAR SHAREHOLDER:**

Empire Rock is pleased to report that positive events and achievements over the past 18 months have your company poised for success.

Empire now has three significant green energy projects:

1. **Fox Creek Lithium Brine Project** at Fox Creek, Alberta, Canada
2. **Buck Lake Platinum/ Palladium/ Nickel Project** in Thunder Bay, Ontario, Canada
3. **Graphite West Hydrothermal Graphite Project** located immediately adjacent to Zenyatta Ventures' Albany hydrothermal graphite deposit near Hearst, Ontario, Canada

### **FOX CREEK LITHIUM BRINE PROJECT AT FOX CREEK, ALBERTA**

Why did we list Empire's Fox Creek Lithium Brine Project first in this report you ask. Because lithium investing has become one of the premiere opportunities for smart investors looking for green investments with tremendous upside potential. Lithium one of the current standouts in the investment world that is increasingly important to today's green energy driven economy. We see a bright future for extracting lithium from brines in Fox Creek, Alberta.

Lithium is a terrific place to invest. Business media is alive with information about lithium's importance – from its role in leading edge innovative companies like Tesla Motors and its new multi-billion dollar Gigafactory where lithium batteries will be produced with the support of the State of Nevada, to advances in electric automobiles and the importance of lithium batteries to green energy generation.

“Could lithium be the new oil?” was a question recently posed in the Economist magazine. Lithium is definitely an important metal as the future becomes now. With Empire's very recently announced acquisition of the Fox Creek Lithium Brine Project, Empire is very definitely in what we believe will be a profitable race to supply lithium.

### ***Why Lithium?***

Empire's interest in mining lithium from brines associated with producing oilfields in Alberta is very strategic. When you learn more I believe you will see Fox Creek's advantages and potential.

But first, why lithium? Lithium shortages are increasing as demand is rising. Lithium's value is significantly increasing. Many expect this to continue. It has every reason to.

Lithium is mined from essentially two sources – hard rock mining and extraction from lithium rich brines. We believe lithium enriched brines produced contemporaneously with petroleum production at Empire's Fox Creek Lithium Brine Project present a tremendous opportunity for profitable lithium mining.

### ***Why look in Alberta for Lithium enriched Brines?***

Hard rock mining for lithium is expensive. Extracting lithium from brines can be considerably less expensive and more profitable than hard rock mining. Alberta and Fox Creek have a long history of petroleum production.

At Fox Creek that petroleum is produced from brines enriched with lithium.

### ***Thoughts on Clayton Valley, Nevada***

With attractive low cost lithium production as the reward, exploration companies have started the search for lithium enriched brines like the ones we know exist at Fox Creek. Many investors are aware of the rush to stake ground in Nevada's Clayton Valley by companies looking to explore for lithium enriched brines located below surface. With lithium's rising price and increasing importance many see this kind of expensive exploratory grass roots exploration as attractive for their speculative investment dollars.

To successfully produce in Nevada, companies will require success on at least a dozen steps (very simply) as follows: 1.) obtain exploratory drilling permits; 2.) obtain water rights; 3.) drill to an aquifer with lithium enriched brine; 4.) test the aquifer for acceptable production qualities; 5.) test for acceptable lithium content; 6.) obtain further production permits (water, environment, production etc.); 7.) develop and install production and discharge wells; 8.) establish infrastructure to collect the brines; 9.) devise a way to process the brine to extract lithium; 10.) finance production, collection and processing facilities; 11.) build the processing plant; 12.) obtain production permits and discharge of wastewater back into the ground. Many of these steps involve high risk exploration. All this in a state with lack of water and living off groundwater. A big part of this will be obtaining a NI 43-101 compliant resource estimate.

### ***Fox Creek, Alberta's Advantages***

At Empire's Fox Creek Lithium Project the existing circumstances are much more compelling. Many of the above steps have been done. *We believe extraction of lithium from existing lithium enriched brines where exploration is done, production is known, the aquifer well-known and understood and production established where tens of millions of dollars have likely been spent on developing wells and related infrastructure, and the lithium enriched brine is treated then pumped into the ground as wastewater, is simply a great business opportunity.*

At Empire's Fox Creek Lithium Brine Project existing petroleum production makes circumstances significantly more advanced for the anticipated extraction of lithium from brines. Alberta, and Fox Creek, is second to none in infrastructure, petroleum production including bringing brines to the surface for processing, access, and highly skilled workers. Most importantly, at Fox Creek there is equipment and infrastructure that has largely been used by the oil and gas industry.

At Fox Creek oil companies have been commercially producing petroleum products on a large scale for years from the Beaverhill Lake Brines aquifer system. With the Alberta provincial government's help (they did 120,000 tests for lithium in brines in Alberta aquifers) we know for certain that Empire's Fox Creek brines are lithium enriched. They are also enriched with other valuable elements – potassium, boron, bromine and magnesium.

We believe investors will be attracted to Fox Creek's many attractive features. No costly exploratory drilling holes searching for lithium enriched brines. We have enriched brines. No additional drilling permits or related water permits required for testing. Currently, oil companies have a significant number of producing wells covering the property.

Look at just one of Empire's 37 metallic and industrial minerals permits Empire acquired – the Well Permit. It has more than 100 existing wells, collection infrastructure, petroleum production batteries and the Kabob South petroleum processing plant located within the Well Permit boundaries. It is easy to estimate that the wells on the Fox Creek Property costs millions of dollars to create – money saved if they can be used for lithium processing. We are developing Empire's plan to utilize these wells and surrounding infrastructure to collect the brine and extract the lithium, and other elements, then to pump the leftover product back into the ground as currently done in conjunction with ongoing petroleum production. With luck the plan is lithium enriched brine that is currently being treated and pumped back into the ground as waste will be first "mined" for lithium and other elements to become a tremendous asset for Alberta and a leading contribution to green energy worldwide.

### ***Leading Lithium Extraction Expert to Lead Technical Team***

Empire is very pleased to announce that Dr. John Burba, a world renowned lithium extraction expert, has joined Empire's technical team. Dr. Burba, who started his career in the 1970's with FMC Corp., realized back then that lithium would play an important role in batteries as the world moved from gasoline to green energy. Dr. Burba has provided his knowledge and expertise to projects focused on lithium extraction from brines throughout the world. Of special import to Empire, Dr. Burba was instrumental in developing important proprietary processes to commercially extract lithium from brines, in circumstances similar to Fox Creek, which are currently being used in two operating lithium mines.

Over the next several months Empire will be pushing to establish the other characteristics of the lithium brines including Empire's preliminary NI 43-101 lithium carbonate resource estimate at Fox Creek, and to investigate extraction methods for commercialization of the lithium resource within the brines.

### **BUCK LAKE PLATINUM/ PALLADIUM/ NICKEL PROJECT**

We have long believed in the exploration potential of Buck Lake where Empire has a platinum, palladium, nickel discovery only 25 km from the Lac Des Iles platinum palladium Mine.

Personally, I was introduced to the Buck Lake Project in 2002 by a widely respected mining analyst, Dr. Art Ettlinger. Art was a good friend and advisor. After he visited the property and North American Palladium's nearby Lac Des Isles Mine he convinced me, and others, that at Buck Lake Empire had a very promising platinum/ palladium target with the bonus of nickel – as high as 9.96% at the Main Discovery in one chip sample.

I was convinced of the great potential of the Buck Lake Project many years ago and contacted the esteemed Dr. Art Ettlinger, Ph.D, P.Geo, along with some other influential minds to visit the property. Hearing their professional assessments, and never forgetting Art's enthusiasm for Buck Lake, about the significant and untapped potential of the property, I became involved, and am now the new President of Empire.

***The dynamics for exploration and development at Empire's Buck Lake Project have suddenly dramatically changed for the better.***

Buck Lake has an interesting past, a significant discovery, and a great location. But it experienced some very recent good luck, set out below, that has us really excited about future exploration at Buck Lake. As we learn more about the geology, our enthusiasm for the project increases.

In past years exploration had slowed to simply maintaining yearly assessment requirements as the burden of reclaiming acres of land in the Main Discovery Area at a challenging cost in a difficult market had to be done before more trenching. Part of the project was optioned to Goldbank Mining Corporation so our company lost control of exploration.

Then things quickly and dramatically changed for the better at Buck Lake.

***Expensive Mechanical Trenching Provided by Timber Rights Holder***

Recently the timber rights holder harvested the timber covering most of our property. With clear cutting the forest came road building. Historically, exposing mineralized outcrops through road building has led to some of the most valuable mineral discoveries in Canada. Our geologist and prospectors have been on the area exposed by road building, and by the timber clear cutting. We also acquired substantial new mineral claims from Mr. Richmond, one of Buck Lake's original prospectors, announced on October 14, 2015.

The road building/ clear cutting is simply an exceptional, fortunate turn of events for exploration and development at Buck Lake.

***North American Palladium Back on Track***

North American Palladium ("NAP") ("PDL" on the TSX), owner of the Lac Des Iles Mine, successfully reorganized and refinanced in 2015. Its stock price has risen from a low of \$0.02 in 2015 to currently trading above \$5.00.

We congratulate NAP and its management, directors and committed investors on this success. We wish them success in the future.

The importance of the dramatic reorganization and turnaround at North American Palladium to Empire's Buck Lake platinum/ palladium/ nickel discovery cannot be overstated, especially as NAP announces it is depleting its natural resources. NAP also owns a portion of the Buck Lake intrusion.

At Empire we believe the decision to reacquire 100% of the Buck Lake project from Goldbank Mining, which completed in 2014, was a wise one that may prove very beneficial.

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## **GRAPHITE WEST HYDROTHERMAL GRAPHITE PROJECT**

### ***The Graphite West Project***

Empire holds the right to acquire an 80% interest in the Graphite West Project, a highly prospective hydrothermal graphite exploration target. Key to this asset is location. Empire's Graphite West Project is immediately west and adjacent to Zenyatta Ventures' Albany deposit, a highly prospective hydrothermal graphite deposit. Zenyatta's Albany deposit is the only high purity hydrothermal graphite deposit being developed in the world. Zenyatta reports it is testing at a yield of 99.9 % carbon purity.

Graphite and lithium share very similar clean tech applications. Graphite is used in electric vehicles, energy grids and electronics, and lithium-ion batteries.

Empire plans to monitor events at Zenyatta while it conducts preliminary exploration and prospecting at Graphite West.

### **PLEASE KEEP IN TOUCH!**

I encourage you to visit our new website at [www.empirerockminerals.com](http://www.empirerockminerals.com). We are also on Facebook (Empire Rock Minerals) and Twitter (#EPRMinerals).

I also invite you to email me directly at [lisa@empirerockminerals.com](mailto:lisa@empirerockminerals.com) or please call me directly at 604.683.3288 ext. 1009.

Please find enclosed coverage on Empire from the Northern Miner (May issue) and coverage from Resource World Magazine on lithium (June/July). We will post regular updates and information on Empire's website, blog and on our Twitter / Facebook accounts.

I would most importantly personally like to thank our valued shareholders for their continued support.

Sincerely,

**EMPIRE ROCK MINERALS INC.**

**PER:** *"Lisa Chapman"*

**LISA M. CHAPMAN**  
President & CEO